



Indiana's prescription drug plan
for low-income seniors.

**STATE FISCAL YEAR 2003
ANNUAL REPORT**

NOVEMBER 2003

SECTION I

Overview

Phase I of the Indiana Prescription Drug Program for low-income seniors, known as HoosierRx, began in October 2000 as a refund program, and was funded by money from the Tobacco Settlement fund. As a refund program, it reimbursed low-income seniors on a quarterly basis for fifty (50%) percent of the retail cost of their prescription drug costs, up to an annual benefit limit.

Phase II began in July 1, 2002, when HoosierRx transitioned from a refund program to a Point-of-Service (POS) program. Eligible Indiana seniors were provided with a HoosierRx Drug Card. The HoosierRx Drug Card allows seniors to receive fifty (50%) percent of the contracted HoosierRx rate off their prescription medications directly at the pharmacy, up to an annual cap. However, those who reach their annual benefit limit can continue to use their cards and receive the HoosierRx discounted rate during the rest of their enrollment year. Enrollees remain eligible for one year, and must reapply annually to remain eligible to participate in the program.

State Fiscal Year 2003

- July 1, 2002 - Indiana Family and Social Services Administration (IFSSA) implemented Phase II of the HoosierRx Program. Senate Enrollment Act (SEA) 228 required IFSSA to implement a POS system. IFSSA contracted with Affiliated Computer Services (ACS) State Healthcare, a Pharmacy Benefit Manager (PBM), to provide these services for the Medicaid and HoosierRx programs.
- July 1, 2002- HoosierRx applied for a Pharmacy Plus 1115 Medicaid demonstration waiver. SEA 228 mandated that before July 1, 2002 the office apply to the United States Department of Health and Human Services (DHHS) for approval of a waiver under the federal Medicaid program to provide access to prescription drugs for low-income senior citizens.
- August 1, 2002 - the Pharmacy Benefit Manager, ACS, started processing HoosierRx claims. Approximately 603 new members were able to use their HoosierRx Drug Card to receive benefits at the point-of-service. At that time, current HoosierRx enrollees were still utilizing the refund program, and were later transitioned to the HoosierRx Drug Card program in October of 2002.
- September 30, 2002 - the HoosierRx refund program ended. The last refund certificates processed by HoosierRx were for July - September of 2002. New enrollees began receiving the HoosierRx Drug Card.
- October 1, 2002 - all active HoosierRx enrollees received HoosierRx Drug Cards, totaling 7,879 seniors.

- February 2003 - ACS completed processing all refund claims from July - September 2002. 12,342 seniors were utilizing the drug card.
- May 1, 2003 - 14,156 seniors were enrolled in the program.
- June 2003 - SFY '03 expenditures and combined refund/benefits paid were \$7,053,077. 14,890 seniors were enrolled in the program.

HoosierRx Eligibility Guidelines

The HoosierRx Drug Card program is available to seniors who meet the following criteria:

- 65 years or older
- Indiana residents (applicant must live in Indiana for at least 90 days within the past 12 months)
- Must not have prescription drug coverage through health insurance or through Medicaid, including Medicaid with “Spend-down”. (Seniors who have a discount card from an insurance company or organization may still be eligible for the HoosierRx program.)
- 2003 income guidelines:
 - Single Person - \$1,011 or less, per month
 - Married Couple - \$1,364 or less, per month
 - Income guidelines change each year according to the federal poverty level. New figures are usually effective by April 1 of each year.
 - Monthly income includes Social Security, Supplemental Security Income, railroad retirement income, pensions, retirement income, annuities, veteran’s benefits, interest and dividends.

Yearly Enrollee Benefits

The HoosierRx yearly benefit levels range from \$500 to \$1,000 per year. The benefit is based on the individual or family's net monthly income and prescription drug costs.

- If the applicant’s household monthly income is at 135% of the federal poverty level, the applicant could receive 50% off their prescription drug costs, up to \$500 a year.
- If the applicant’s household monthly income is at 120% of the federal poverty level, the applicant could receive 50% off their prescription drug costs, up to \$750 a year.
- If the applicant’s household monthly income is at or below 100% of the federal poverty level, the applicant could receive 50% off their prescription drug costs, up to \$1,000 a year.

HoosierRx covers all prescription drugs covered under the Indiana Medicaid fee-for-service program, except for the following: over-the-counter drugs; anorectics or drugs used for weight gain or loss; fertility enhancement drugs; topical minoxidil preparations

used for hair loss; drugs prescribed solely or primarily for cosmetic products; smoking cessation products; and drugs used to treat impotency.

HoosierRx is not a mandatory generic program. Enrollees may elect to use their HoosierRx benefit for any drug and/or insulin prescribed by a licensed physician or practitioner.

<i>Who administers Indiana's Prescription Drug Program?</i>
--

HoosierRx Staff

Currently, four (4) full-time employees and two (2) contracted employees administer the program. Administrative functions include:

- Setting the policies and procedures governing the prescription drug program;
- Processing applications, in accordance with the state regulations, to determine eligibility for the program;
- Developing outreach programs to promote HoosierRx statewide.

ACS State Healthcare

ACS State Healthcare was contracted by IFSSA to implement a POS system and utilize pharmacy benefit management (PBM) tools for both Medicaid and HoosierRx. ACS functions include:

- Providing the network access and claims processing capabilities required to adjudicate prescription drug claims for HoosierRx at the point-of sale;
- Maintaining eligibility information provided by HoosierRx staff;
- Obtaining and maintaining drug prices;
- Developing and managing the pharmacy network;
- Processing provider payments;
- Performing Prospective Drug Utilization Review (ProDUR). The ProDUR program is intended to further promote optimal clinical outcomes, lessen the chance of unnecessary and inappropriate use of medications, and identify possible drug-related problems;
- Managing communications with enrollees, providers and other stakeholders under the overall direction of HoosierRx staff;
- Operating a help desk to respond to all HoosierRx related telephone inquiries; and
- Producing reports to meet the State's needs.

Fine line

ACS subcontracts with Fine Line to produce and distribute HoosierRx enrollee identification cards. Eligible seniors are able to take their HoosierRx Drug Cards to their local pharmacy to receive their HoosierRx benefits.

Prudent Rx

ACS subcontracts with Prudent Rx, Inc. for pharmacy auditing services. The State requires HoosierRx to be able to identify and refer cases of fraud or abuse for investigations and prosecution if necessary. Prudent Rx reviews claims for billing accuracy and appropriateness. However, since claims review is retroactive, it was not done in SFY '03, as that was when the point-of-service began. Claims review will begin in SFY '04.

SECTION II

Enrollment, Utilization and Expenditures

In SFY 2003, 18,531 applications were processed for consideration in the program. Of this number, 14,890 were eligible for benefits under the HoosierRx program, meaning 80% of applications processed were eligible. The average number of enrollees utilizing the pharmacy benefits of the program, as of June 30, 2003, was 11,453, meaning 77% of enrollees utilized their HoosierRx Drug Card.

Of the total number of applications processed in SFY '03, the total number of females enrolled was 12,573, while the total number of males enrolled was 2,317. Women represent 84% of the enrolled population and men represent 16% of the enrolled population. The average HoosierRx enrollee is a widowed female.

Included in this report is a spreadsheet detailing the member enrollment by county, as of June 30, 2003. Membership is dispersed throughout all of Indiana's 92 counties. The top counties are Marion, Lake, St. Joseph, Vanderburgh, Allen, Elkhart, Wayne, Delaware, LaPorte and Madison. The result is not unusual as these counties are the most populated counties in the state.

Claims Statistics:

In SFY 2003, expenditures and combined refund/benefits paid were \$7,053,077. Total number of paid claims during this period was 368,707. Average number of prescriptions per utilizing member was 4.32. The per member per month (PMPM) average expenditure for utilizing HoosierRx enrollees was \$45.12. According to ACS, HoosierRx has the highest percentage of utilization (77%) among the four senior programs managed by ACS. Those other senior programs are Missouri, South Carolina, and North Carolina.

Drug Utilization:

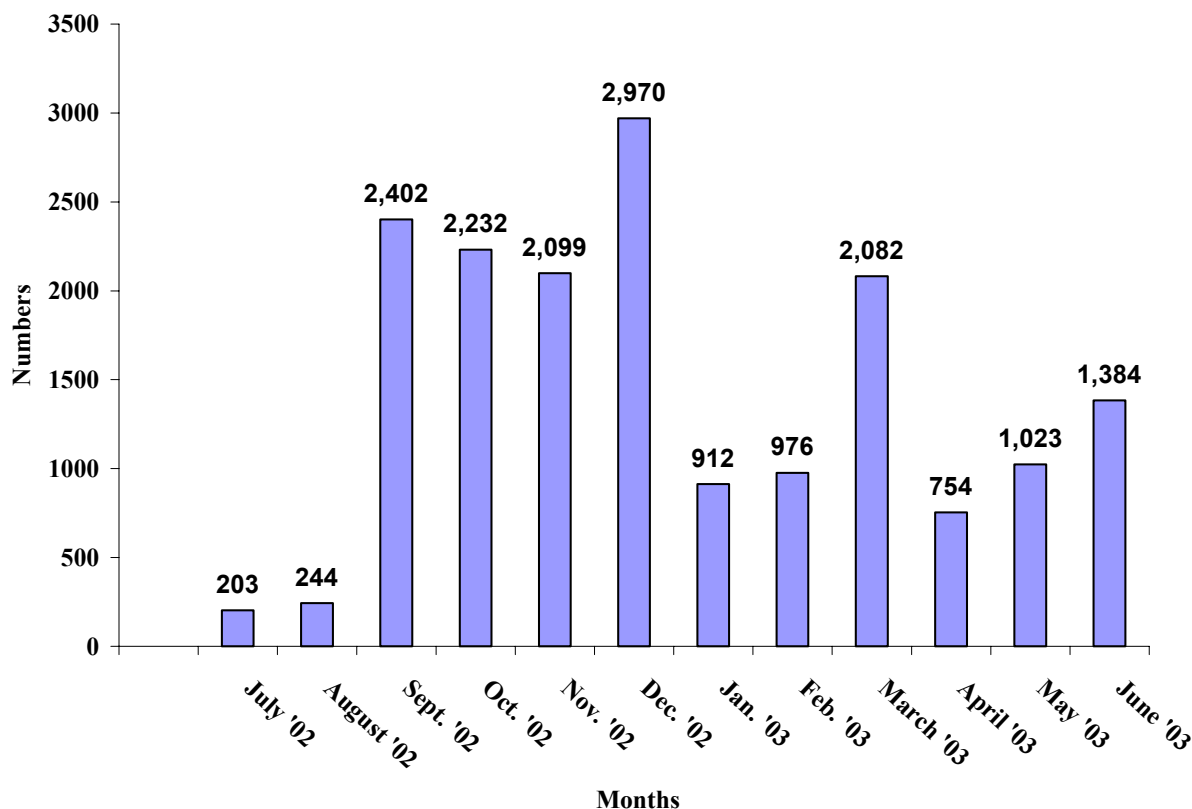
Heart disease and chronic pain are the most common medical conditions faced by the senior population. As a result, the most prescribed drugs include: Furosemide, Digoxin, Norvasc, Atenolol, Plavix, Hydrochlorothiazide Potassium Chloride used to treat heart disease; and Propoxyphene/Acetaminophen and Hydrocodone Bit/Acetaminophen used

for chronic pain management. Three of the above are brand name drugs, while the rest are generic equivalent drugs.

The top drugs ranked by payment include: Plavix, Protonix, Norvasc, Lipitor, Celebrex, Prevacid, Fosamax, Nexium and Evista. These are name brand drugs used to treat heart disease, high cholesterol, heartburn, osteoporosis and arthritis.

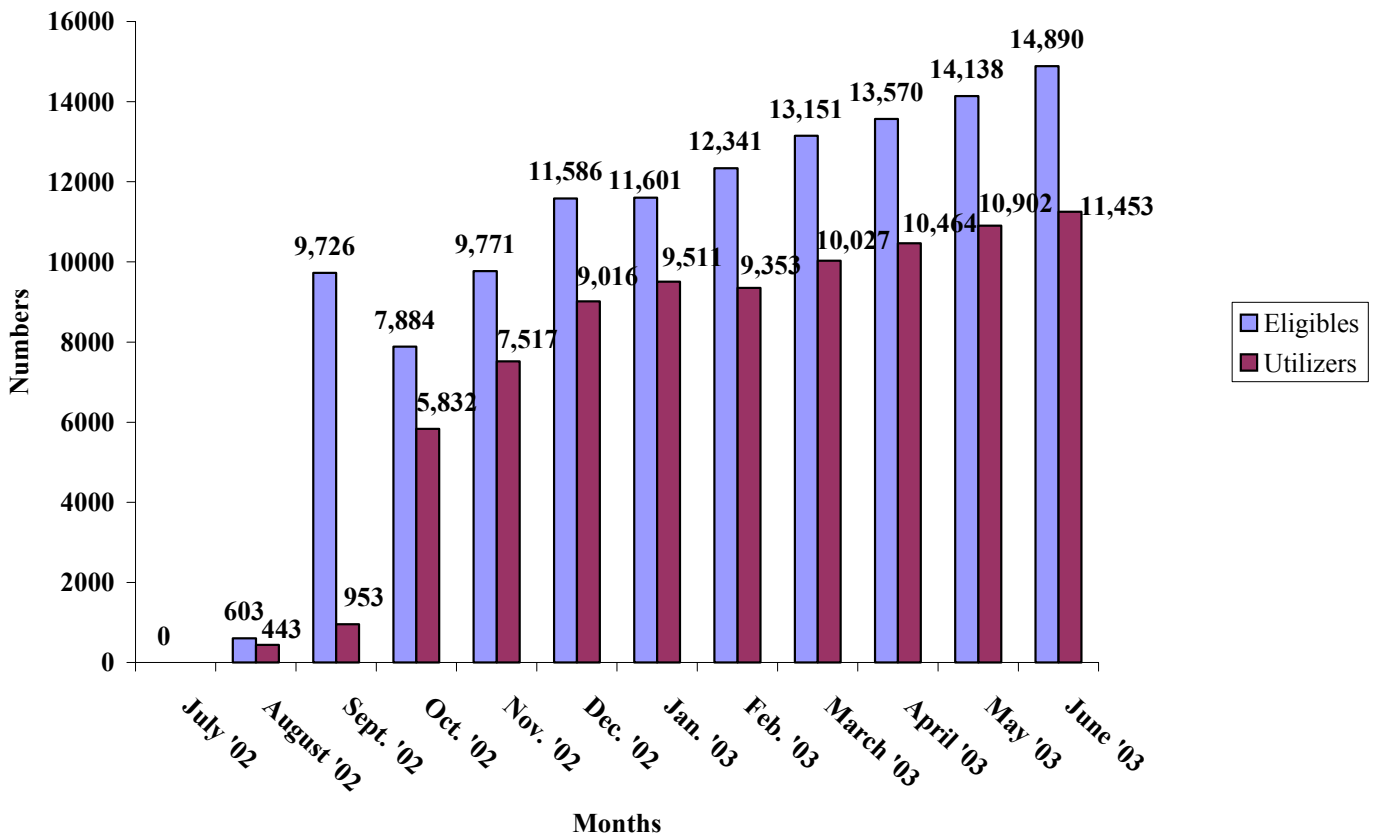
The next few pages provide a graphic explanation of the HoosierRx program in SFY '03.

Applications Processed July '02 - June '03



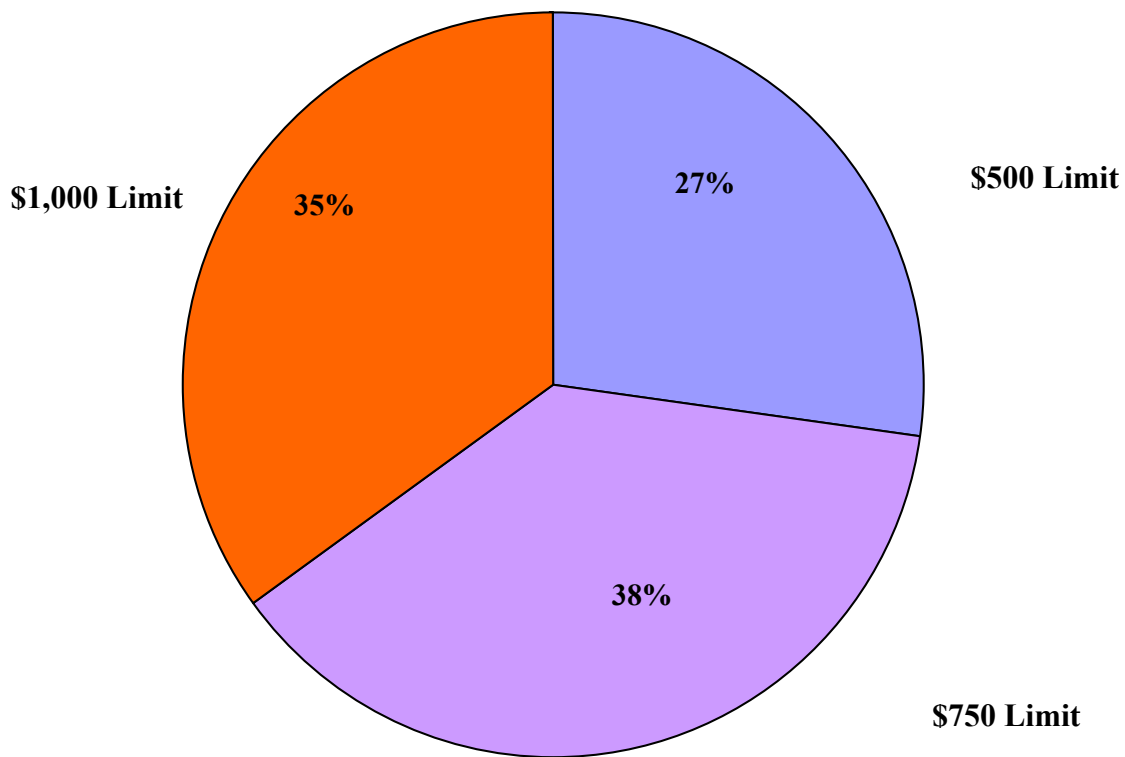
- There was no major outreach prior to July 2002, as all efforts were concentrated on making sure that the transition to the POS went smoothly.
- In August 2002, all Medicare Savings Program enrollees (Qualified Medicare Beneficiary, Specified Low-Income Medicare Beneficiary and Qualified Individuals) were sent a HoosierRx application. About 1,000 applications were received from this mailing. This is reflected in the number of applications received and processed in September.
- In September 2002, the Governor announced the new HoosierRx Drug Card. The response from the media is reflected in the number of applications received and processed in October, November and December 2002.
- In early January 2003, HoosierRx posters and applications were mailed statewide to pharmacies, Area Agencies on Aging, Division of Family and Children offices, Social Security offices, Senior Centers, Senior Health Insurance Information Program sites and all nutrition sites. As well, HoosierRx and AARP conducted a mass mailing to low-income seniors, 65 years or older. This is reflected in the number of applications received in March 2003.
- In March 2003, HoosierRx conducted another mass mailing to the Medicare Savings Program enrollees.
- June 2003 reflects the start of a targeted mailing of HoosierRx applications to all Indiana Medicare beneficiaries. Enrollment from this initiative continued to increase in July and August of 2003.

Enrollees vs Participation July '02 - June '03



- ACS claims processing at the POS began in August 2002.
- By September 2002, 9,726 seniors were enrolled in the program. Only new enrollees got the HoosierRx Drug Cards, as current enrollees continued with refund certificates until they were transitioned to the HoosierRx Drug Card on October 1, 2002. Therefore, only new enrollees were actually utilizing the POS program.
- HoosierRx has the highest percentage of utilization (77%) among the four senior programs managed by ACS, followed by Missouri's 62%, South Carolina's 54% and North Carolina's 53%.

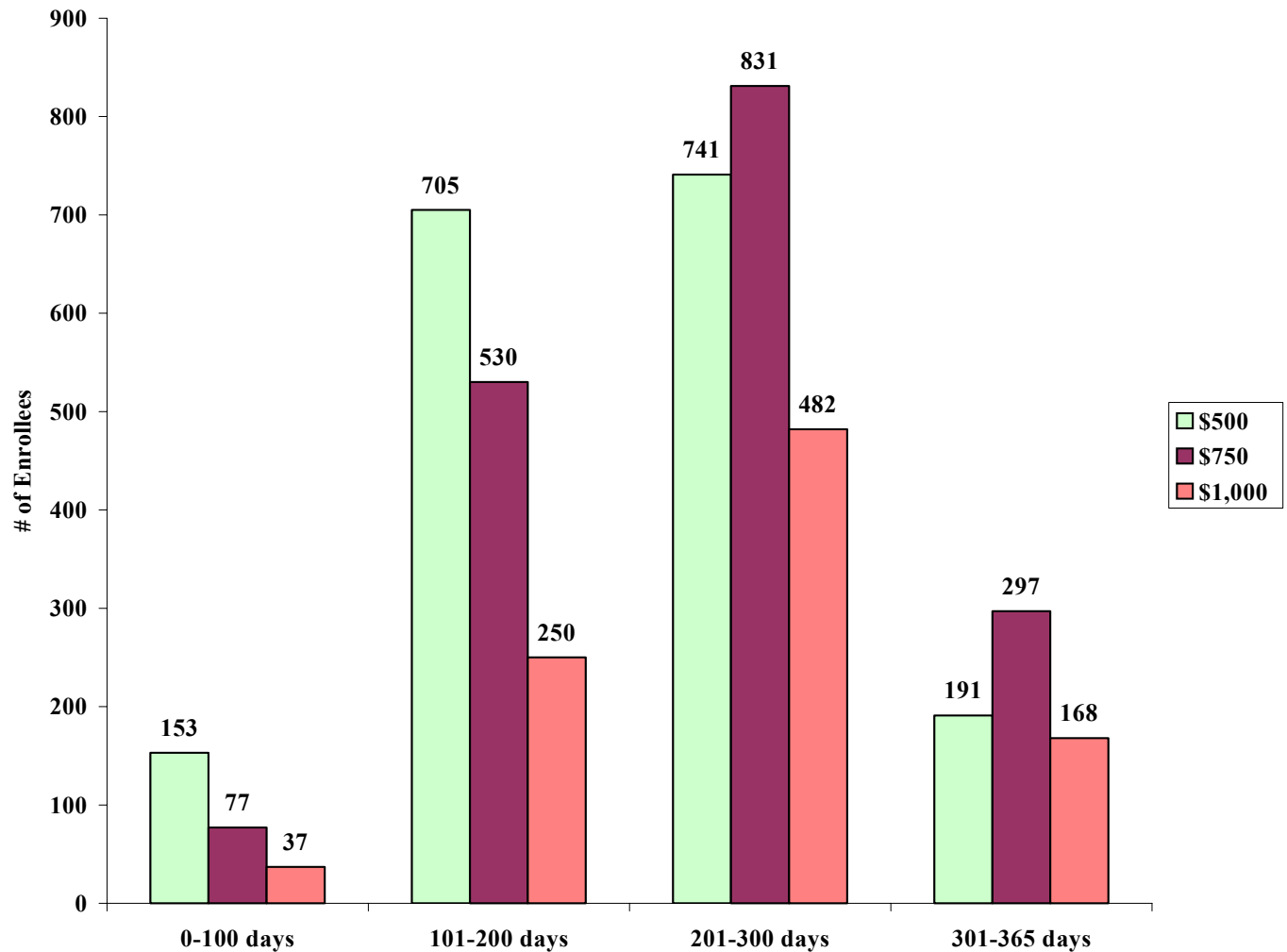
**Enrollee Benefit Limit Distribution
July '02 - June '03**



- June 30, 2003 – Of 14,890 members enrolled, 11,453 utilized their benefit. 4,008 of utilizing members received an annual benefit limit of \$1,000 each.
- 4,319 of utilizing members received an annual benefit limit of \$750 each.
- 3,126 of utilizing members received an annual benefit limit of \$500 each.

Membership is distributed fairly evenly in the three benefit levels, although more enrollees utilizing benefits fall into the \$750 annual benefit level. They represent 38% of utilizing members.

Exhausted Benefits July '02 - June '03

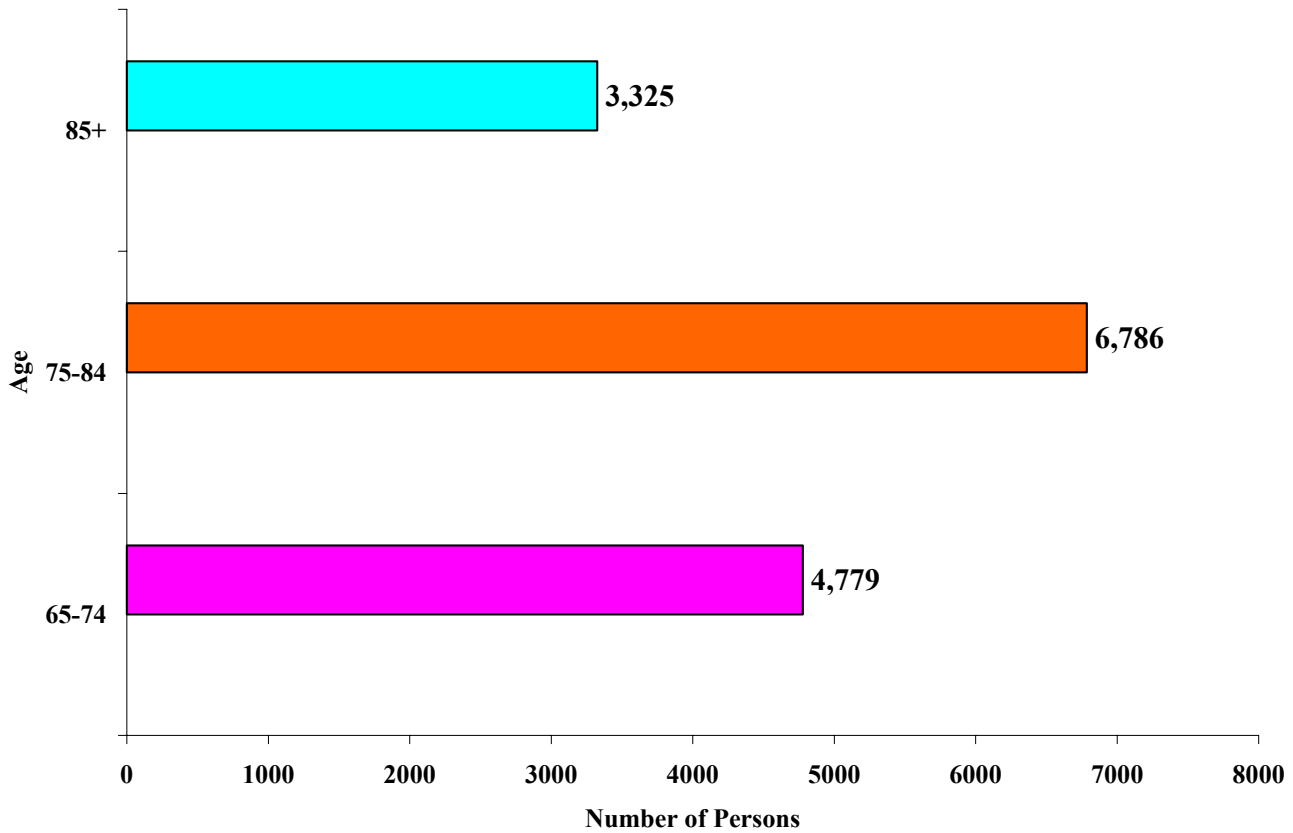


June 30, 2003 -11,453 of the 14,890 members enrolled utilized their benefits.

- 3,126 utilizing members at the \$500 annual benefit limit - 1,790 members exhausted their benefit limit within 1 year of enrollment.
- 4,319 utilizing members at the \$750 annual benefit limit - 1,735 members exhausted their benefit limit within 1 year of enrollment.
- 4,008 utilizing members at the 1,000 annual limit - 937 members exhausted their benefit limit within 1 year of enrollment.

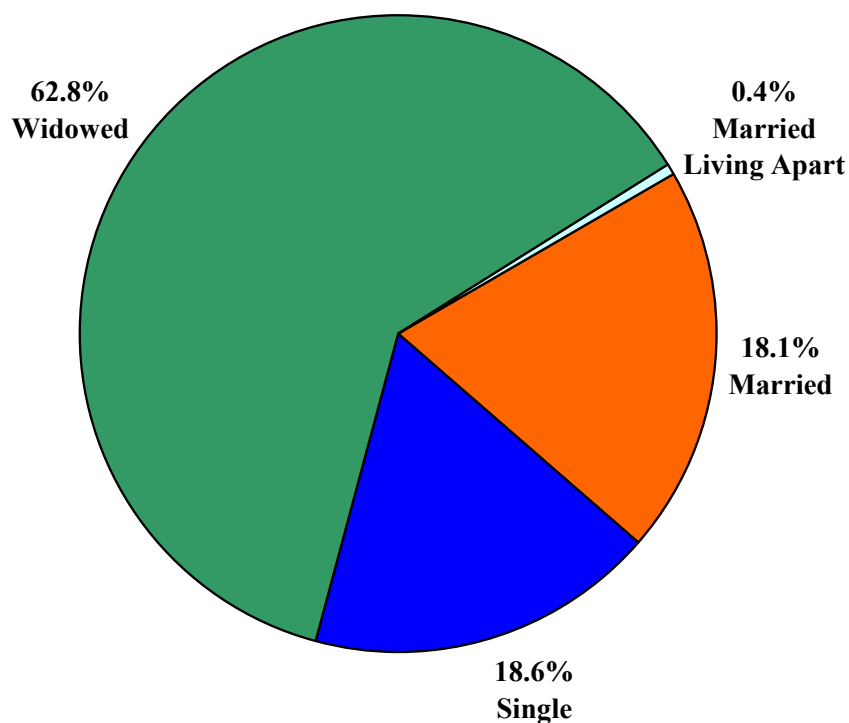
About 23% of enrollees at the \$1,000 annual benefit limit exhausted their benefits, compared to 60% enrollees at the \$500 limit, and nearly 40% at the \$750 annual benefit limit.

**Enrollee Age Distribution
July '02 - June '03**



- June 30, 2003 - 14,890 enrolled. 4,779 enrollees were within the ages of 65-74.
- 6,786 of those enrolled were within the ages of 75-84.
- 3,325 of those enrolled were within ages 85+.

**Marital Status
July '02 - June '03**

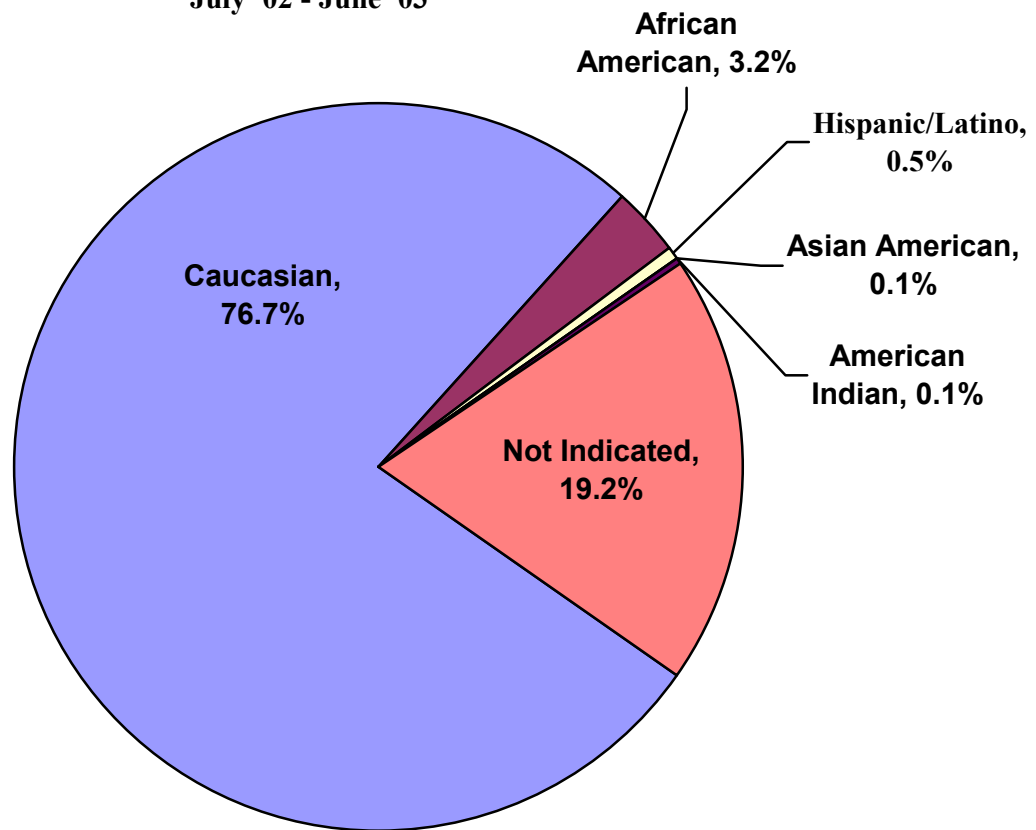


Members ages 75-84 represented 46% of those enrolled in the program in SFY '03. They were the majority of the three age groups.

- Of the 14,890 seniors enrolled in the program at the end of June 2003, 2,770 enrolled as single.
- 9,352 enrolled were widowed.
- 2,702 enrolled as a married couple living together.
- 66 enrolled as married, living apart.

The average marital status for a HoosierRx enrollee is widowed.

**Enrollees by Race
July '02 - June '03**



- June 30, 2003 - 14,890 enrolled.
- 11,425 enrollees identified themselves as Caucasian.
- 2,873 enrollees did not indicate a race on their applications.
- 482 enrollees identified themselves as African American.
- 76 enrollees identified themselves as Hispanic/Latino.
- 19 enrollees identified themselves as Asian American.
- 15 enrollees identified themselves as American Indian.

SECTION III

HoosierRx – FSSA Priority '04 -'05

Increasing HoosierRx enrollment is an FSSA priority for the 2004-2005 biennium. The goal is to increase enrollment in the Prescription Drug Program to 30,000 by June 30, 2005. Listed below are strategies being utilized to achieve the goal.

Eligibility and Assessment Systems

ICES - The HoosierRx program is in the process of associating with the current statewide and well-known enrollment and eligibility system used by the Indiana Medicaid program, called ICES. One of the benefits of being in ICES includes an opportunity to increase HoosierRx enrollment. Division of Family and Children caseworkers would be able to provide information on HoosierRx to seniors who are not eligible for the Medicaid program and also be able to assist enrollees with the application process.

Enrollment Centers - HoosierRx is currently working with DFCs, SHIP sites, AAA's and other community centers to serve as HoosierRx Enrollment Centers. These Enrollment Centers will provide information on HoosierRx that would assist with enrolling eligible seniors in the HoosierRx program. The goal is to have DFC and SHIP enrollment centers completely trained and established by November 30, 2003.

Pharmaceutical Companies - HoosierRx is currently developing joint education, enrollment and outreach events with Lilly and other pharmaceutical manufacturers. Volunteers have been trained and enrollment events will take place in the fall of '03 and again in the spring '04.

PROPOSED CHANGES AND PLANS

Enhancements to the HoosierRx Prospective Drug Utilization Review

Enhancements to the HoosierRx Prospective Drug Utilization Review (ProDUR) will be effective by December '03. These enhancements to the Prescription Drug Claims System (PDCS) for HoosierRx's ProDUR program are expected to further promote optimal clinical outcomes, lessen the chance of unnecessary and inappropriate use of medications, and identify possible drug-related problems.

Conclusion

The United States Congress is in the final stages of designing a benefit that guarantees meaningful and affordable drug coverage to Medicare beneficiaries under the Medicare Prescription Drug Program. As of July 2003, 38 states have programs that provide pharmaceutical coverage or some assistance, primarily to low-income seniors and/or persons with disabilities who do not qualify for Medicaid because of income. Though the many possible changes proposed by Congress are bound to have major effects, FSSA remains dedicated to being among the leaders in providing prescription drug assistance to its seniors. FSSA plans for SFY '04 are to provide eligible seniors with a drug discount card and direct pharmacy benefit that compliments the Medicare Prescription Drug Program. FSSA's priority is to increase HoosierRx enrollment, with a goal of reaching 30,000 enrollees by June 30, 2005.